

20 December 2022

Dacian Gold Limited ACN 154 262 978

Supplementary Target's Statement

1 Important notice

This document is a supplementary target's statement under section 644(1) of the *Corporations Act 2001* (Cth) (**Supplementary Target's Statement**). It is the first supplementary target's statement issued by Dacian Gold Limited (ACN 154 262 978) (**Dacian**) in relation to the off-market takeover bid for all the shares in Dacian made by Genesis Minerals Limited (ABN 72 124 772 041) (**Genesis**) under a bidder's statement dated 29 July 2022 (**Original Bidder's Statement**) as supplemented by a first supplementary bidder's statement dated 24 October 2022 (**First Supplementary Bidder's Statement**) and second supplementary bidder's statement dated 13 December 2022 (**Second Supplementary Bidder's Statement**). This Supplementary Target's Statement supplements, and should be read together with, Dacian's target's statement dated 29 July 2022 (**Original Target's Statement**).

Capitalised terms in this Supplementary Target's Statement have the same meaning given in the Original Target's Statement, unless the context otherwise requires. The rules of interpretation in section 14 of the Original Target's Statement also apply to this Supplementary Target's Statement. Further defined terms are contained in section 9 of this Supplementary Target's Statement. This Supplementary Target's Statement prevails to the extent of any inconsistency with the Original Target's Statement.

This Supplementary Target's Statement is dated 20 December 2022. A copy of this Supplementary Target's Statement was lodged with ASIC and given to ASX on 20 December 2022. Neither ASIC, the ASX nor any of their respective officers take any responsibility for its contents.

If you have any questions in relation to the Offer, please contact the Offer Information Line on 1300 397 908 (from within Australia) or +61 3 9415 4153 (from outside Australia).

2 Summary

- Genesis has announced an intention to merge with St Barbara to form Hoover House, a new Australian mid-tier gold company focused exclusively on the prolific Leonora District (**Merger**).
- The Merger is proposed to be effected via a scheme of arrangement under which Genesis Shareholders will, subject to various conditions, be offered 2.0338 new St Barbara shares for every one (1) Genesis share held at the record date for the scheme (anticipated to be in May 2023) (**St Barbara Scheme**).
- St Barbara intends to undertake a demerger of its non-Leonora assets into a new gold company, Phoenician Metals Limited, which intends to apply to list on ASX (**Demerger**).
- In connection with the St Barbara Scheme, Genesis proposes to raise \$275 million in new equity at \$1.20 per Genesis Share, being the closing price of Genesis Shares on 9 December 2022, conditional on Genesis shareholder approval and the St Barbara Scheme and the Demerger becoming effective (**Capital Raising**).

- Dacian Shareholders who accept Genesis' current takeover offer for Dacian Shares (**Offer**) and become Genesis Shareholders prior to the record date of the St Barbara Scheme will be entitled to vote on and, if approved, participate in, the St Barbara Scheme.
- The Offer is unconditional and Genesis has declared the Offer consideration best and final and that it will not be increased.
- As at 19 December 2022, the last practicable date before the date of this Supplementary Target's Statement, Genesis has, as announced to ASX, a relevant interest in 76.1% of Dacian's Shares and controls Dacian.
- Dacian's Independent Directors maintain their unanimous recommendation that Dacian Shareholders **ACCEPT** the Offer, in the absence of a superior proposal, and (if the Offer remains open at the relevant time) subject to the independent expert concluding the St Barbara Scheme is in the best interests of Genesis Shareholders.
- The Offer will close at 5:00pm Perth time on Monday, 16 January 2023 (unless further extended).

3 St Barbara Scheme, Demerger and Capital Raising

As announced by Genesis to the ASX on 12 December 2022, Genesis has executed a scheme implementation deed (**SID**) with St Barbara that provides for:

- (i) the Demerger under which St Barbara will divest its non-Leonora assets into a new gold company, Phoenician Metals Limited, which intends to apply to list on ASX;
- (ii) the Capital Raising, under which Genesis proposes to raise \$275 million in new equity at \$1.20 per Genesis Share, conditional on Genesis shareholder approval and the St Barbara Scheme and the Demerger becoming effective; and
- (iii) St Barbara acquiring all of Genesis' issued securities under the St Barbara Scheme in return for the issue to Genesis shareholders of St Barbara shares and which, if completed, will result in the formation of an Australian mid-tier gold company focused exclusively on the prolific Leonora District, to be renamed Hoover House Limited.

If the St Barbara Scheme is completed, Dacian Shareholders who accept the Offer and receive Genesis Shares before the St Barbara Scheme record date will become shareholders in Hoover House.

If the St Barbara Scheme is completed, Dacian Shareholders who do not accept the Offer will remain minority Dacian Shareholders, with Dacian controlled by Genesis, a wholly owned subsidiary of Hoover House. If this occurs, the liquidity of Dacian Shares may be reduced. Further, ASX may also de-list Dacian, which would mean that Dacian Shares could not be sold on market. The ASX may also de-list Genesis.

Dacian Shareholders should refer to the St Barbara SID, a copy of which was released on ASX on 12 December 2022, and Genesis' Second Supplementary Bidder's Statement lodged on ASX on 13 December 2022, for details in respect of the St Barbara Scheme, the Demerger and Capital Raising.

Dacian Shareholders should note that, in addition to the specific risks outlined in section 8.3 of the Original Bidder's Statement, there are additional risks relating to the Offer in connection with the St Barbara Scheme as detailed in the Second Supplementary Bidder's Statement and as set out in this Supplementary Target's Statement.

4 Reasons to accept the Offer

(a) St Barbara Scheme

The St Barbara Scheme, if implemented, will result in Dacian Shareholders who accept the Offer acquiring a shareholding in Hoover House, which, as noted by Genesis in the Second Supplementary Bidder's Statement, is expected to be a leading Australian mid-tier gold company with:

- (i) long life gold production supported by an increased mineral resource base in the world class Leonora District;
- (ii) a strong balance sheet following completion of the Capital Raising;
- (iii) potential for substantial near-term synergies as detailed in the Second Supplementary Bidder's Statement; and
- (iv) enhanced scale, liquidity and quality to be attractive to both gold and generalist investors.

The Original Target's Statement noted that the merger of Dacian with Genesis would create a combined entity that was strategically well placed to play a role in any further consolidation in the Leonora-Laverton region, with Genesis indicating it was evaluating other potential regional opportunities and in discussions with St Barbara regarding a potential transaction. The merger of Genesis with St Barbara to create Hoover House, if completed, will bring to fruition this advantage of the Offer.

The Independent Directors consider that, in the absence of a superior proposal, the proposed merger with Genesis and the potential for Dacian shareholders to be part of the larger Hoover House entity should the Genesis/St Barbara merger proceed, represents the best strategic fit for Dacian. The geographical proximity of the tenement holdings of Genesis and St Barbara, the potential for near-term development of Genesis' high-grade Ulysses resources, the potential for St Barbara's large, higher grade Tower Hill resources to be paired with Mt Morgans Mill and Dacian's Jupiter Resources and the potential for processing of Dacian's Redcliffe high-grade resources through St Barbara's Gwalia Mill make the Offer a superior proposition for Dacian Shareholders rather than Dacian on a stand-alone basis.

(b) Material risks in Dacian as a stand-alone entity

There continue to be material risks in Dacian continuing as a stand-alone entity.

Dacian has closed its mining operations and exhausted run of mine stocks and low-grade stockpiles and is now processing historical dump leach material. As at the date of this Supplementary Target's Statement, Dacian is assessing expressions of interest for potential access to Mt Morgans Mill from approximately the March quarter of CY2023 through to approximately the September quarter of CY2024. This reflects Dacian's view that, while Phase 2 drilling at Jupiter has been completed and an update to its Mineral Resources is being undertaken, other suitable and economic ore sources will be required to ensure the Mt Morgans Mill throughput is maximised and unit costs minimised.

If other suitable ore sources cannot be secured, or if other risk factors, such as capital for tailings storage capacity expansion or availability of sufficient processing water, prevent continued operation of the Mt Morgans Mill, Dacian may need to place the Mt Morgans Mill on care and maintenance which will involve substantial additional expense and require further funding. Any funding arrangement will require Genesis' support.

Genesis has advised that it has not formed any definitive intentions in relation to the processing of ore from its Ulysses Project but, if the St Barbara Scheme is completed, Genesis (which at that point would be wholly owned by Hoover House) would have the option of processing some or all

of the Ulysses ore through St Barbara's Gwalia Mill, with Dacian's Mt Morgans Mill potentially used to process ore from St Barbara's Tower Hill and Genesis' Admiral deposits.

Any decision by Genesis (or Hoover House, if the St Barbara Scheme is completed) as to the preferred processing location is therefore expected to be deferred until the September quarter 2023. If the St Barbara Scheme is completed and Genesis seeks access to Dacian's Mt Morgans Mill to process ore from St Barbara's Tower Hill and Genesis' Admiral deposits, rather than Ulysses ore, such ore supply for processing is likely to be at a later date than would be the case if ore from Ulysses was processed. This increases the likelihood that the Mt Morgans Mill may need to be put on care and maintenance and require additional capital.

In addition, if Dacian remains as a stand-alone entity, but the Merger proceeds, Dacian would need to enter into arm's length contractual arrangements with Hoover House for the processing at the Mt Morgan Mill of ore from the Ulysses, Tower Hill or Admiral deposits, or obtain minority shareholder approval for any such arrangements. This may further increase the risk to Dacian shareholders compared to a fully integrated operation if Genesis acquires 100% of Dacian Shares.

In the event sufficient ore sources are secured to allow continued processing at the Mt Morgans Mill, Dacian anticipates additional capital investment will be required beyond June 2023 to expand the tailings storage facility and expand water sources to continue production. No assurance can be given that this capital will be available, or that sufficient volumes or quality of water or necessary approvals will be obtained in time to allow continued production.

Dacian will also need to raise additional capital to fund its future exploration programs and costs associated with advancing projects to development in the future. There can be no assurance such funding can be obtained.

5 Other considerations regarding the Offer

(a) St Barbara Scheme

In light of the proposed merger of Genesis and St Barbara, Dacian Shareholders should be aware that:

- (i) there can be no certainty that the St Barbara Scheme will be completed. Dacian Shareholders who accept the Offer therefore bear the risk that the St Barbara Scheme will not occur and that they remain as Genesis Shareholders;
- (ii) Dacian has not conducted due diligence on St Barbara and cannot opine on its assets and liabilities or financial position or prospects, or the value implied by the proposed merger between Genesis and St Barbara. The scheme booklet and the independent expert's report (**IER**) in relation to the St Barbara Scheme are currently anticipated to be provided after the Offer has closed (unless extended);
- (iii) there is a risk the IER concludes the St Barbara Scheme is not in the best interests of Genesis Shareholders. If the St Barbara Scheme were to proceed despite this finding (which would require a condition of the scheme to be waived), Dacian Shareholders who accept the Offer and become Genesis Shareholders will in turn become Hoover House shareholders despite the IER concluding it is not in their best interests as Genesis Shareholders;
- (iv) if the St Barbara Scheme is completed, Dacian Shareholders who accept the Offer will, in aggregate, instead of holding up to ~21.2% shareholding of an enlarged Genesis, hold up to ~8.2% shareholding of Hoover House (fully diluted and based on the assumptions set out in the Second Supplementary Bidder's Statement, including assuming Genesis acquires 100% of Dacian Shares).

(b) Genesis currently controls Dacian

As at 19 December 2022, the last practicable date before the date of this Supplementary Target's Statement, Genesis has a relevant interest in 76.1% of Dacian's Shares and controls Dacian. The only other substantial Dacian shareholders are Kin Mining NL and its associates who together have, as announced to ASX, a relevant interest in 10.56% of Dacian's Shares.

Genesis has declared the Offer to be best and final as to consideration and that it will not be increased, and the Offer will close on 16 January 2023 (unless extended).

If Dacian Shareholders decide not to accept the Offer and remain Dacian Shareholders (and assuming the Offer closes but Dacian Shares are not compulsorily acquired) the outcome of the Offer will be that Genesis controls Dacian while other Dacian Shareholders hold a minority shareholding. If this occurs, the liquidity of Dacian Shares may be reduced. Further, ASX may also de-list Dacian, which would mean that Dacian Shares could not be sold on market.

(c) Risks Generally

In considering the Offer, Dacian Shareholders should be aware that there are a number of risk factors associated with either accepting the Offer or rejecting the Offer and continuing to hold Dacian Shares, in addition to those set out in this Supplementary Target's Statement. Section 10 of the Original Target's Statement provides a summary of these risks.

In deciding whether to accept the Offer, Dacian Shareholders should read the Original Target's Statement and the Bidder's Statement (as supplemented) carefully and consider these risks. While some of these risks can be mitigated, some are outside the control of Dacian and the Dacian Board and cannot be mitigated.

The risks do not take into account the individual investment objectives, financial situation, position or particular needs of Dacian Shareholders. The risk factors are not an exhaustive list of all risks. In addition, these risks are general in nature only and do not cover every risk that may be associated with an investment in Dacian now or in the future. The mining, exploration and development of natural resources are activities which are speculative in nature and are subject to significant risks.

6 Dacian Independent Directors maintain unanimous recommendation of the Offer

Dacian's Independent Directors, Craig McGown and Sue-Ann Higgins, continue to recommend Dacian Shareholders accept the Offer, in the absence of a superior proposal, and (if the Offer remains at the relevant time) subject to the independent expert concluding the St Barbara Scheme is in the best interests of Genesis Shareholders.

Dacian notes that, as at the date of this Supplementary Target's Statement, no such superior proposal has emerged.

The remaining Dacian Directors decline to make a recommendation in relation to the Offer given their role as nominee Directors of Genesis.

7 Consent

Dacian's Directors have consented to the inclusion in this Supplementary Target's Statement of the statements attributed to them in this Supplementary Target's Statement in the form and context in which those statements are made.

8 Reliance on ASIC modifications

As permitted by ASIC Class Order 13/521, this Supplementary Target's Statement contains statements which are made, or based on statements made, in documents lodged by Genesis with ASIC or given to the ASX including the Bidder's Statement as supplemented. Pursuant to that class order, the consent of the entity making those statements is not required, and has not been provided, for the inclusion of such statements in this Supplementary Target's Statement. Any Dacian Securityholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting Dacian's Company Secretary on +61 8 6323 9000.

9 Additional definitions used in this Supplementary Target's Statement

In this Supplementary Target's Statement:

- (i) **Capital Raising** has the meaning given in the Second Supplementary Bidder's Statement.
- (ii) **Demerger** has the meaning given in the Second Supplementary Bidder's Statement.
- (iii) **Genesis Performance Rights** has the same meaning as defined in the St Barbara SID.
- (iv) **Hoover House** means the combined Genesis and St Barbara merged group following implementation of the St Barbara Scheme and the Demerger.
- (v) **St Barbara** means St Barbara Limited ACN 009 165 066.
- (vi) **St Barbara Scheme** has the meaning given in the Second Supplementary Bidder's Statement.
- (vii) **St Barbara Shares** means fully paid ordinary shares in the capital of St Barbara.
- (viii) **St Barbara SID** means the scheme implementation deed between Genesis and St Barbara dated 11 December 2022.

10 Further information

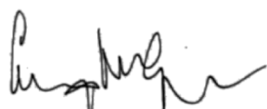
Dacian Shareholders who have any questions in relation to the Offer or who would like another acceptance form should call the Genesis Offer Information Line on 1300 397 908 (from within Australia) or +61 3 9415 4153 (from outside Australia) between 8.30am and 5.00pm (AEST time) Monday to Friday.

11 Approval of Supplementary Target's Statement

This Supplementary Target's Statement has been approved by a unanimous resolution passed by the Independent Directors of Dacian.

Date: 20 December 2022

Signed for and on behalf of **Dacian Gold Limited**



Craig McGown
Independent Chair
Dacian Gold Limited